

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BIG SANDY RURAL)
ELECTRIC COOPERATIVE CORPORATION)
FOR AUTHORITY TO EXECUTE ITS NOTE)
TO THE NATIONAL RURAL UTILITIES)
COOPERATIVE FINANCE CORPORATION IN)
THE AMOUNT OF \$1,139,000 AND FOR) CASE NO. 95-569
AUTHORITY TO EXECUTE A LOAN AGREEMENT)
BETWEEN BIG SANDY RURAL ELECTRIC)
COOPERATIVE CORPORATION AND NATIONAL)
RURAL UTILITIES COOPERATIVE FINANCE)
CORPORATION)

O R D E R

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") filed its application on December 18, 1995 for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC") and to execute its notes for such loan. The proceeds of this loan will finance Big Sandy's 1995-1996 Work Plan.¹ This Work Plan calls for improvements and additions described in the application, which are estimated to cost \$3,798,000 and are financed by a \$2,659,000 loan from the Rural Utilities Service ("RUS") and the \$1,139,000 loan from CFC.

Big Sandy filed a copy of correspondence received from RUS and CFC approving the loans.

¹ Big Sandy received a Certificate of Public Convenience and Necessity for the 1995-1996 Work Plan in Case No. 95-283, The Application of Big Sandy Rural Electric Cooperative Corporation For a Certificate of Convenience and Necessity, Order dated January 2, 1996.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The proposed loan from CFC is for lawful objects within the corporate purposes of Big Sandy, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purposes.

2. Big Sandy is capable of executing its notes as security for the loan as stated herein.

3. Big Sandy should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

4. Within 10 days of its selection of the interest rate program, Big Sandy should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

5. The proceeds from the proposed loans should be used only for the lawful purposes set out in Big Sandy's application.

6. Big Sandy should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

7. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental

agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Big Sandy's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Big Sandy be and it hereby is authorized to borrow \$1,139,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Big Sandy at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

2. Big Sandy be and it hereby is authorized to execute its notes as security for the loan herein authorized.

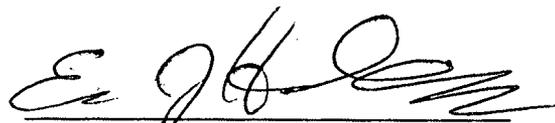
3. Big Sandy shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

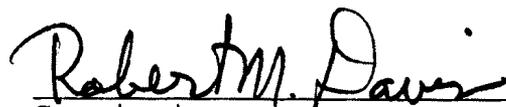
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 1st day of February, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director